

As the current economic downturn shows no signs of lifting, we hear quite a lot of rhetoric from current and potential office-holders about what government can and will do to create more jobs.

This is especially disconcerting to those who understand that the best thing government can do for job creation is to simply get out of the way.

Jobs are properly created by businesses. Government-created jobs are either fueled by fiat money and manipulated market conditions or directly funded by taxes paid by businesses and individuals who then have less to hire people for real wealth creation.

Government-created jobs destroy wealth and sap potential from the economy.

The several stimulus bills passed by Congress have done much to expand government but not much to keep money in the hands of real job creators – the entrepreneurs.

Keynesian economists don't see things this way. They see government spending as a stop gap measure that tides us over through rough economic patches.

But is this really the case?

Far from it. The reality is instead of sustaining us until the economy can catch up, government spending perpetuates the problems the bureaucrats and the politicians created. Maintaining a high level of employment is one of the main objectives of the Federal Reserve, which is just one reason it is ill-conceived at its very core: it legitimizes economic intervention

which is always destructive.

When unemployment rises after the bust of a Fed-created bubble, you can be sure Congress will attempt to rescue the economy through various policies that will always prolong the agony and expand the downturn.

In the late 90's, it was thought that encouraging home ownership would have a stimulative effect that would ripple throughout the rest of the economy and create jobs. Various government policies favorable to home ownership were enacted and the Fed kept interest rates artificially low so everyone would be able to buy a home, whether or not they could really afford it.

For awhile, it worked.

The housing boom increased demand for realtors, mortgage lenders, and construction workers.

However, as reality sank in, not only are we back to where we were when the bubble began, but we are actually worse off.

For example, not only have we lost all of the one million extra construction jobs the bubble created, but we lost another one million on top of that!

So not only did the artificial wealth evaporate, but real wealth has been destroyed as well.

Even more sinister are jobs created by war. Recent reports highlight the increasing dependence on contractors to support our war efforts in Afghanistan.

Massive corruption is endemic to these highly lucrative positions.

Almost half of the contracting companies we use are Afghan owned and include such business models as recruiting away the very same Afghan police force we are training at great expense to the American taxpayer.

Meanwhile we have pledged not to leave until the police force reaches a certain level.

We also bribe many Afghans to simply not attack us.

We are in a proverbial hole in Afghanistan.

Our leaders need to just stop digging.

Neither a Keynesian big spending program, nor the military-industrial complex can create long-lasting employment or economic prosperity for our country. The only way to restore both peace and prosperity is to draw down our overseas commitments, along with unconstitutional spending at home and return to the founders' vision of a limited republic that neither straddles the globe, nor micromanages the domestic economy.